

# Effect of Entrepreneurial Competence on Success of Women Entrepreneurs in Bungoma, Kenya

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## ABSTRACT

*Enterprise success has become increasingly popular among practitioners and scholars in the field of entrepreneurship. This is because successful entrepreneurs are important to the development of the economy since they provide value through job creation and economic growth. Moreover, success motivates and is the ultimate direction of every entrepreneurial efforts including entrepreneurial efforts of women entrepreneurs whose contribution to the development and transformation of a country has long been recognized. To date women entrepreneurs are starting enterprises at three times the rate of their male counterparts. However, the rate of their enterprise success has shown a lot of concern with the numbers that are successful remaining low and thus not encouraging. Although previous studies have focused on assessing the effect of entrepreneurial competencies on enterprise success among entrepreneurs in general, there are reasons to believe that entrepreneurial competencies are critical to the success of women entrepreneurs. However, little is known about the effect of entrepreneurial competencies on success of women entrepreneurs. The purpose of the study was to analyze effect of entrepreneurial competencies on the success of women entrepreneurs in Bungoma County, Kenya. The study was hinged on Resource based view theory. The study adopted a post-positivism research stance and utilized an explanatory survey design that was cross-sectional in nature. A sample of 358 respondents was selected using proportionate and simple random. Data was collect using a questionnaire and analyzed quantitatively using multivariate techniques, specifically Structural Equation Modeling. The study found that entrepreneurial competencies ( $\beta=0.358$ ,  $p<0.05$ ) had a positive and significant effect on enterprise success of women entrepreneurs. The study concluded that that entrepreneurial competencies were significant determinants of enterprise success among women entrepreneurs. The study recommends that policy makers must focus on entrepreneurial developmental initiatives and programs geared towards developing relevant aspects entrepreneurial competencies and behaviors that could influence enterprise success of women entrepreneurs. They should come up with better policies and practices to enhance enterprise success among women entrepreneurs. The study further suggested replication of this study in other sectors and micro enterprisers to verify whether what was observed in Bungoma County is applicable to other regions in Kenya and across the globe.*

**KEYWORDS:** Entrepreneurial Competence, Enterprise, Success, Women Entrepreneurs

## BACKGROUND

The ever changing business environment present challenges in which it is difficult not only to survive but also to sustain enterprise success (Kraus, Rigtering, Hughes, & Hosman, 2012). It is reported that, entrepreneurs operate in a competitive and dynamic business environment and as the environment becomes more complex, owner/managers encounter many challenges which interfere with their chances of success.

In its original meaning, the term success described the course of an event no matter whether it was to be considered positive or negative (Goethe, 1980 in Etti & Welter, 2012). However, this has changed over time and the term is increasingly connected with results instead of describing the course of action. Although it includes both positive and negative outcomes, in general it has been defined as a positive outcome. Moreover, one of the most important goals of every entrepreneurs is to achieve success.

Success is a complex and multidimensional phenomenon since no universally accepted definition of the term success exists (Ettl & welters, 2012) especially in the context of women entrepreneurs. It is a concept that is captured by more than financial and economic indicators as an indicator of success from one view may imply successful business activities in another view (Fisher, Maritz & Antonio, 2014). It is also linked with such terms as Profitability, sales turnover, sales growth, return on investment, number of employees, growth in market share (Ahmad, Ramayah, Wilson & Kummerow, 2009; Man & Lau, 2005; Wikulund et al., 2009); and performance (Isam, Kham, Obaidullah & Allam, 2011).

In recent years, the concept of enterprise success has become increasingly popular among scholars and practitioners in the field of entrepreneurship (Laguna, Wiecheteck and Talik, 2012). Interest in enterprise success is driven by the fact that, enterprise success has been associated with survival, business continuity,

entrepreneurial motivation and success of business activity or the success of the entrepreneur who is associated with the enterprise (Chittitham, Islam, Keawchana & Yusuf 2011; Fisher et al., 2014).

The challenges noted by scholars and researchers that interfere with enterprise success relate to lack of entrepreneurial competencies among founder owners (Ahmad & Seet, 2009). At the macro-level, small businesses are the back bone of most global economies and when the owner/manager lacks the knowledge, skills and competencies to operate the enterprise successfully, then the venture may face difficulties leading to its failure (Fatoki & Matema, 2014).

In Kenya, reports indicate that three out of five enterprises fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). Even though a lot of efforts have been made to support SMEs via government training, grants, and the provision of consultative services, interestingly, the failure rate still remains high, this has been attributed to lack of entrepreneurial competencies, lack of skills in business management and abilities; and lack of professional management action among those who hold key positions in the ventures (Beaver and Jennings, 2005; Griffin, 2012; Kambwale, Chisoro & Karoda, 2013).

Specifically, many women' entrepreneurs encounter barriers because they lack the requisite skills, training, and background knowledge. This in turn prevents them from being successful in their businesses (Lee & Stearns, 2012). Furthermore, women usually perceive themselves as incapable of becoming successful entrepreneurs due to lack of knowledge, skills, abilities (competencies) and support among other constraining social factors (Kyrgidou and Petridou, 2013).

Mwaniki and Nassiuma (2017) note that lack of technical skills, low confidence, lack of strong individual involvement and the unwillingness to take risks were some of the constraints identified as impediments to success of women enterprises in Kenya. Therefore, the study sought to investigate the influence of entrepreneurial competencies on entrepreneurial success of women entrepreneurs in Bungoma County, Kenya.

## LITERATURE REVIEW

The study was anchored on the Resource Based View Theory (RBVT). The theory has its origin in the seminal work of Penrose (1959) and it emerged as a basis for firm's competitive advantage through utilization of its resources. The theory emphasizes importance of resources to firm success. The theory has been used in many fields, including information systems (Wade & Hulland, 2004); organizational networks (Lavie, 2006); management research and later in entrepreneurship research to explain the ability of a firm to deliver sustainable competitive advantage when resources are managed in such a way that their outcomes cannot be imitated (Hooley & Greenley, 2005).

Resource-based theory explains how a firm's resources sustain its competitive advantage (Kraaijenbrink, Spender & Groen, 2010) and thus is able to achieve success. Edith Penrose, (1959) is credited for establishing the foundation of the resource-based theory (Roos & Roos, 1997). Penrose provided a logical explanation of a firm's growth rate by clarifying the causal relationships between firm success and its resources. She held that, resources possessed by business firm are heterogeneous (Barney & Clark, 2007).

The theory argues that the nature and quality of the resources and capabilities (competencies) the entrepreneur possesses can lead to their long-term success. According to the theory, a firm can distinguish itself from its competitors, gain sustainable competitive advantage, and attain success if it possesses valuable, rare, and inimitable resources (Barney, 1991). Therefore, an entrepreneurial firm can evaluate the potential of its resources especially those which provide more benefit and enable the firm to be successful in the market (Kozlenkova and Irina, 2014).

Barney (1991) classifies resources as assets, capabilities (competencies), processes, education, information, knowledge used by the firm to improve its success. RBV Theory posits that resources are embedded in organizations and the standard carriers of resources are established firms and corporations. However, in the entrepreneurial context, the individual entrepreneur is the resource carrier whose personal resources, which exist as idiosyncratic and personalized collections of assets. According to Tehseen & Ramayah (2015), RBV claims that entrepreneurial competencies are valuable and intangible resources that lead towards the success of business.

The resource based theory helps in determining the resources available within a firm and relates them with the capabilities (competencies) of a firm. This brings into consideration, profitability and value factor associated with the firm (Colbert, 2004). This theory clarifies that a firm can gain excellent success if it possesses extraordinary and non-substitutable set of resources. Studies further indicate that only the competent entrepreneurs may develop and lead successful strategies towards the success of businesses (Tehseen & Ramayah, 2015).

The RBT has been used to explain the importance of human capital to entrepreneurship (Ganotakis & Revell-Love, 2010). Human capital resources include among others the skills and talented managers. As rightly pointed

out by McLarty and Dousios (2006), the term skill embraces the ideas of competence, proficiency, attributes, and the ability to do something well and is related closely to knowledge, skills, and capability.

The theory was used by Tehseen & Ramayah (2015) to examine the mediating effect of external integration in the relationship between entrepreneurial competencies and SMEs enterprise success. Michelmores & Rowley (2013) used the theory in her study on entrepreneurial competencies of women entrepreneurs pursuing business growth.

The choice of RBT as the guiding theory for the study was informed by theoretical arguments that for microenterprises, the entrepreneur is the resource carrier whose personal resources, existing as idiosyncratic and personalized collections of assets, impact upon the firms' competitive advantage, success and the success of businesses (Tehseen & Ramayah, 2015). Theorists of Resource Based View therefore suggests that entrepreneurial competencies are critical resource for a firm's success (Tehseen & Ramayah, 2015).

Since this theory underscores resources and capabilities of an enterprise, it was relevant to this study in that it addressed the main objective of the study. A firm can create sustainable competitive advantage if it possesses valuable, rare and inimitable resources such as the entrepreneurial competencies. This suggests that entrepreneurial ventures that are likely to succeed should possess high caliber of resources in for of entrepreneurial competencies. The theory also helped in relating enterprise success to the competencies since this was perceived to facilitate an understanding that the real key to an enterprise success is not only the availability of resources but also the capability (competencies) of the enterprise owner/ manager.

### **The Concept of Enterprise Success**

In business life, success is a key term and the major purpose of setting up a business is to achieve success. Success is the ultimate direction of any entrepreneurial effort (Ahmed and Seet, 2006) hence no one can rule out success when talking about business because a business is often evaluated and measured by the amount of success it achieves. Successful entrepreneurs are important to the development of society because they contribute to the creation of employment opportunities, and to the advance of economic growth (Wu, 2009).

Success is a multidimensional phenomenon that is interpreted and defined differently by different authors. In business studies, the concept of success is often used to refer to firm's financial performance and firm performance is used synonymously with firm's success (Reijonen & Komppula, 2007). Success in general refers to the achievement of goals and objectives in whatever sector of human life (Isam, Kham, Obaidullah & Allam, 2011); and, survival and continuity in business operations (Reijonen & Komppula, 2007).

Success has been conceptualized as constituting financial and non-financial (Wiklund and Shepherd, 2005; Laguna, Wieheteck & Talik, 2012). The financial definition of success links it with such terms as Profitability, sales turnover, sales growth, return on investment, number of employees, market share (Ahmad, Ramayah, Wilson & Kummerow, 2009; Wiklund et. al., 2009). Financial measures are considered the best indicators of a firm's performance and success (Willbrands et. al., 2012, Hashim, 2008). A strong argument for considering financial measure of success is that businesses are only viable if they are financially solvent (Ahmed & Seet, 2009). The reason being that the main objective of a firm is financial achievements.

Furthermore, Ahmad et. al., (2011) argued that financial measures are appropriate in measuring performance and success. Although data concerning financial success indicators can be gathered from objective accounting and financial market information, studies indicate that their actual availability in entrepreneurial settings is limited because most of them are not public, and are rarely available to researchers (Richard et. al., 2009). On the other hand, majority of entrepreneurs fear revealing financial data (Dej, 2010).

Ahmad et al., (2011) used both financial and non-financial indicators to measure business success arguing that use of non-financial measures is a clear indication that success is more than money and the pursuit of financial goal. The significant emphasis given by entrepreneurs, especially those in small firms are on non-financial objectives (Kuratko et al., 1997). However, financial measures are considered the best indicators of a firm's performance and success (Man & Lau, 2005, Hashim, 2008) since businesses are only viable if they are financially solvent (Ahmed & Seet, 2009). Moreover, the main objective of a firm is financial achievements. Base on this argument, the current study used financial measures to measure enterprise success. Financial measures used include growth in market share, profitability, sales turnover, return on investment and sales growth. The current study used financial measures to measure enterprise success. Financial measures used include growth in market share, profitability, sales turnover, return on investment and sales growth.

### **The Concept of Entrepreneurial Competence**

Entrepreneurs require different types of resources ranging from financial to behavioral resources (Barazandeh, Parvizian, Alizadeh and Khosravi, 2015) which can help them to operate their enterprise successfully. Though

most of the resources are found in the environment, others relate to internal factors and are crucial to venture success. Competency is a term that has been used to explain these internal factors or resources of entrepreneurs (Barazanden, Parvizian, Alizadeh & Khosravi, 2015).

The term competence has been widely used and discussed in management Boyatzis, (1982) and lately in entrepreneurship. Several definitions have been provided for the term competency. For instance, Rudmann, (2008); Maojib et al., (2011) referred to competencies as measurable patterns of knowledge, skills, abilities, behaviors and other characteristics (KSAOs) that differentiate high from average performers. Mitchelmore & Rowley, (2010) used the terms skills to refer to competencies. Researchers in the field of entrepreneurship borrowed the concept and its related theory from management literature (Bird, 1995). This led to the development of the concept of entrepreneurial competencies.

Bird (1995) refer to entrepreneurial competencies as underlying characteristics such as generic and specific knowledge, motives, traits, self-image, social roles and skills that lead to venture birth, survival and growth. Man, lau & Chan (2002) defined entrepreneurial competencies as higher-level characteristic that reflects the total ability of the entrepreneur to perform a job role successfully, and include personality traits, skills and knowledge and are expressed as opportunity, relationship, conceptual, organizing, strategic and commitment competencies. Man et al., further stated that Katz & Green (2009) defined them as forms of business related expertise consisting of five components namely specific knowledge, resource competencies, determination competencies and opportunity competencies which makes up basic business functions.

Mitchelmore & Rowley, (2013), described entrepreneurial competencies as a specific groups of competencies related to successful entrepreneurship. The competencies include attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioral tendencies needed for successful and sustaining entrepreneurship while Kochandai, (2012) defined entrepreneurial competencies as individual characteristics that include both attitudes and behavior which enable entrepreneurs to achieve and maintain enterprise success. Other scholars like (Lazar & Paul, 2015) stated that entrepreneurial competencies are underlying characteristics possessed by an individual which assist them to execute the tasks in a manner that is most befitting. Schneider (2017) operationalized entrepreneurial competencies of women entrepreneurs as functional task related to managerial skills, self-efficacy and orientations of competition, risk-taking and innovation.

These entrepreneurial competencies were later used by Phelan & Sharpley, (2011) in their study. Nassif, Andreassi, Tonnelli & Fleury, (2012) in their in depth qualitative study on entrepreneurial competencies that characterize female entrepreneurs in Brazil identified cognitive and affective competencies as essential competencies which supported female entrepreneurs in development of their businesses.

Sony and Iman (2005) categorized entrepreneurial competencies into four dimensions namely: management skills, industry skills, opportunity skills and technical skills while Mitchelmore and Rowley (2010) measured competency by taking into account competency on an individual level, competency as a trader, business intelligence and competency management, competency skills and relationships. They categorized entrepreneurial competencies of female entrepreneurs into four areas; personal and relationship competencies; business and management competencies; entrepreneurial competencies; and human relations competencies; while Kochandai (2012) identified three components of entrepreneurial competencies namely attitudinal, behavioral and managerial competencies.

Despite a growing body of literature in the field of entrepreneurial competencies in general, still uncertainty exists concerning entrepreneurial competencies of female entrepreneurs and enterprise success (Schneider, 2017). Moreover, studies on entrepreneurial competencies of women are rare (Mitchelmore & Rowley, 2013; Revell-Love & Revell-love, 2016). Studies are thus needed that can offer more insight into entrepreneurial competencies of women entrepreneurs.

For the purpose of the current study entrepreneurial competencies are defined as individual characteristics that include both attitudes and behaviors, which enable entrepreneurs to achieve and maintain enterprise success. Specifically, categorization of entrepreneurial competencies by Kochandai (2012) namely managerial, attitudinal and behavioral competencies was utilized to add to the field of female entrepreneurial competencies.

Managerial competencies refer to the underlying characteristics of a person that he or she uses to solve problems that arise at a work place. According to Yahya & Khaled, (2012), managerial competencies include a combination of knowledge, skills, attitudes and personal oriented abilities of owner/manager required to direct work streams and define outcomes. The role of managerial competencies is to identify characteristics of good and effective owner/managers so that organizations or business entities can be successful (Mintzeberg, 1973).

Managerial competencies focus on identifying the kind of competencies that underlie successful success of an entrepreneur.

Managerial competencies are also reflected through functional competencies: marketing and finance; organizational competencies, motivating skills, personal skills leadership skills ; communications, planning and success management, ability to work as a team, and self-control skills (Smith & Morse, 2005; Hellriegel, Jackson & Slocum, 2008); information seeking, systematic planning, problem solving, goal setting, perseverance, persuasion, technical knowledge (Kochadai, 2012; Osman & Rahim, 2014); cognitive competencies, emotional intelligence competencies, and social intelligence competencies (Boyatzis, 2008). Other scholars Khoshouei, Oreyzi and Noor (2013), used terms like decisiveness, organizing, commercial thinking, strategic thinking, teamwork and communication to explain the concept of managerial competencies.

While the possession of a set of managerial competencies has been touted as a precondition for the survival and success of business (Königová, Urbancová & Fejfar 2012; Tahmasb, Niknafs & Mirvaziri, 2014), there is increasing convergence of literature on the complexity of the relationship between possession of managerial competencies and firm success (Xiang, 2009; Krajcovicova, Caganova & Cambal, 2012; Tahmasb, Niknafs & Mirvaziri, 2014).

The various clusters of managerial competencies have been found to enable an entrepreneur to successfully attain their enterprise goals (Namusonge, 2014). Business failure among women owned micro and small enterprises has been attributed to incompetence of the owner/managers and general poor management (Stevenson & Ongre, 2005; Kochadai, 2012). It is therefore assumed that a focus on managerial competencies could enhance the chances of their success. Rambe and Machlemele, (2015) examined the influence of managerial competencies of owner/managers of emerging technology firms and enterprise success in South Africa and found that lack of managerial competencies was as one of the major barriers to small businesses' success.

From the literature above it is clear that, managerial competencies play an important role in ensuring the successful success of a business entity. However, managerial competencies are diverse and it is not clear which of these managerial competencies influence enterprise success. This research used information seeking, problem solving, systematic planning and time management as indicators of managerial competencies.

Another distinguishing competencies for the entrepreneur is the Behavioral related competency. Behavior refers socially observable human action influenced by individual processes of cognition, decision and intention (Bird and Schjoedt, 2009). According to Bird (1995), competencies are behavioral and observable characteristics of an entrepreneur related to his/her ability to create business opportunities, to evaluate business opportunities, to network business, to identify and resolve problems, and to communicate effectively (Li, Huang & Tsai, 2009).

Behavioral competencies have been categorized to include initiative, opportunity seeking, persistence and assertiveness (Osman & Rahim, 2014). They have also been found to include the entrepreneurs' actions in the process of identifying and exploiting business opportunities, activities related to enterprise promotion, assembling inputs from different sources, undertaking a moderate risk, innovations for strategic survival and success, creating, developing and maintaining human resources and establishing harmonious relationships in the business (Kochandai, 2012).

It is argued that, the influence of an entrepreneur can be addressed by a focus on competency approach from a behavioral perspective (Kochandai, 2012). This is because behavioral competencies explain the fundamental characteristics of causal relationship that leads to superior success in the process of an entrepreneur carrying out her business activities (Kochadai, 2012). Therefore the indicators of behavioral competencies for the current study comprises of opportunity seeking, initiative, innovation and creativity indicators.

Attitudes represent an individual's degree of like or dislike for something, positive or negative views of a person, place, thing, event or judgments of an individual associated with the state of mind of an individual (Schumpeter, 1961). Shaver (1987) defined attitude as the predisposition to respond in a generally favorable or unfavorable manner with respect to the object of the attitude while later one. The idea of attitudes implies that entrepreneurship is a way of thinking and acting. Attitudes have been recognized as important attributes in entrepreneurship research (Ajzen & Fishbein, 2005) and therefore form the other dimension of entrepreneurial competencies.

Attitudinal competencies are defined as the ability to select, maintain or adapt one's best attitudes for the present (Kochadai, 2012). Attitudinal competencies have been measured using indicators such as innovation, achievement, self-esteem, personal control (Carlson, 1985) and opportunity recognition (Choe & Loo, 2013). Entrepreneur are presumed to have attitudinal competencies which when combined with behavioral and managerial skills could influence their enterprise success. Behavior in a given situation is viewed as a function



of an individual's attitude towards the situation and as such the behavior can be associated with the following attitudinal competencies; innovation, achievement, self-esteem, self-esteem and personal control to measure attitudinal competencies. These four were found to have a positive and significant effect on enterprise success (Choe & Loo, 2013).

Entrepreneur need competency to create opportunities, relationships, and ensure success (Izquierdo & Deshoolmeester, 2005) and success of their ventures. These competencies are believed can help women entrepreneurs to propel their enterprises into success. Although entrepreneurial competencies are multidimensional in nature, the approaches taken by these researchers in measuring competencies are different, and underpinned by different assumptions. In addition, majority of studies on entrepreneurial competencies seem to focus on the entrepreneur in general with less emphasis on competencies of women entrepreneurs.

Based on the literature, the researcher adopted and modified items from Kochadai (2012) and Khoshebei et.,al (2013) to measure entrepreneurial competencies because of their comprehensiveness and also because such categorization is thought to bring a better understanding of competencies of women entrepreneurs and how they influence enterprises success. Moreover, the researcher agrees that there are indeed other types of entrepreneurial competencies in the literature review. But only a few have been associated with women entrepreneurs (Mitchelmore & Rowley, (2013). Since entrepreneurial competencies are related to enterprise success (Mitchelmore & Rowley, 2010), women entrepreneurs must pay a special attention to their competencies especially behavioral competencies if they are to ensure the success of their enterprises.

### **Entrepreneurial Competence and Enterprise Success**

Prior research indicates that entrepreneurial competencies are associated with success, profitability (Man et al, 2002), survival and development as well as growth and business (Faggian & McCann, 2009; Mitchelmore & Rowley, 2010). It has also been cited that success or failure of a business depends largely on the capabilities and competencies of the entrepreneur (Kang, 2009; Michelmore and Rowley, 2013; Michelmore, Rowley and Shiu, 2014).

Entrepreneurial competency attributes (managerial, behavioral and attitudinal) have been argued to have a significant effect on enterprise success (Choe & Loo, 2013). According to Ahmad et al. (2011) firm's survival or growth results from basic characteristics such as generic, knowledge, motives, and skills. High entrepreneurial competencies and high managerial competencies are linked to satisfaction with financial success and non-financial success (Kang, 2009). Entrepreneurial competence play an influential role have a direct effect on firm success (Sanchez, 2012). These scholars agree that entrepreneurial competencies are related to enterprise performance and success. Since entrepreneurial competencies are related to enterprise success (Mitchelmore & Rowley, 2010), entrepreneurs must pay a special attention to their competency improvement in order to boost success.

An understanding of enterprise success through the lens of entrepreneurial competencies is important since it provides entrepreneurs with knowledge about how to operate their enterprises and encourages them to be conscious of the potential positive or negative impacts of their own behavior (Ahmad, Ramayan, Willison and Kummerow, 2010). Entrepreneurial competencies are most important in determining success (Ng & Kee, 2013). Given the generally turbulent business environments that face women entrepreneurs worldwide, the possession of appropriate competencies can greatly assist them to achieve success. However, it is not clear which competencies are more important in influencing enterprise success.

Entrepreneurs are individual who act under conditions of uncertainty which involves risk taking (Muzychenko and Sae, 2004). In responding to these risks the entrepreneurs do not act blindly; rather, they learn from the environment, from mistakes they make (Stokes and Blackburn, 2002), and from other people (Harrison and Leitch, 2005). The ability to learn is a competence which can enable an entrepreneur to commit to achieving their enterprise goals and objectives. They must be able to combine resources (competencies) appropriately, and at times devise new ways of doing things (Zhao, 2005). This highlights the importance of competencies in enterprise success.

Competencies provide a roadmap to a range of behaviors that produce excellent success (Colombo & Grilli, 2005; Nuthall, 2006). This is a clear indication that, practices related to entrepreneurial competencies are driven by aspirations to achieve higher success and financial profitability in business. Individual entrepreneurial competencies are of value to the enterprise and essential in predicting entrepreneurial success. It is therefore important to include them in the theoretical models when explaining its influence to enterprise success. However, the role of competencies among women entrepreneurs in the distributive sector and enterprise success has received little attention. Latest literature reviews suggest that further research is needed to uncover and fully explain these relationship (Crook et al., 2011; Markman, 2007; Mitchelmore and Rowley, 2010).

Other ten areas of competencies that show direct and indirect influence on success of SMEs have been identified are innovative, learning, opportunity, analytical, human, relationship, and commitment, strategic, operational and personal competencies show both (Man et al., 2002). Such competence enable entrepreneurs to identify and create market based on opportunity and resource requirement (Karra, Philips and Tracy, 2008). In addition, need for knowledge, skills and abilities (competencies) can be very important (Ivanov & Avasilcai, 2014) since they pose a chance to enhance the success of the enterprise.

As part of managerial competencies, information seeking is recognized as having a significant role in SMEs success. Levy & Powel, (2005) argued that successful entrepreneurs are those who gather information to enhance their enterprise success. Choo (2006) suggested that it is the need for information that drives individuals to seek for information. Timely information about products/services, customers and business partners must be available if the entrepreneur is to make the right decision to ensure success of her enterprise. Information seeking therefore seem to be a survival skill in SMEs and is considered to be important to firm's success (Jasosi, 2006).

Systematic planning as part of managerial competencies has an affect venture success (Armstrong, 1982). It increases the probability of survival, profitability and growth of an enterprise (Kraus, Harms & Schwarz, 2008). Problem solving as yet another part refers to the application of appropriate knowledge and skills in order to solve business problems (Kochandai, 2012). According to Rwigema & Venter, (2004), how an entrepreneur faces business problems determines the success or failure of her enterprise. An underrating of the various problem solving techniques is therefore important (Kochandai, 2012).

As part of behavioral competencies, perseverance, acting on opportunity and innovation play an important role in venture success. Behaviours such as self-confidence and perseverance affect SMEs success (Yusuf, 1995). For instance, researcher have reported that successful entrepreneurs must be committed, have tenacity, persevere and endure (Rwigema & Venter, 2004). Kochandai (2012) further argued that, it is persistence that keeps entrepreneurs motivated even when they are confronted by obstacles that seem in surmountable, they must keep on trying (Zimmerer & Scarborough, 2008).

The role of an entrepreneur is to discover and exploit opportunities (Schumpeter, 1934: Kirzer, 1973). The ability to sport an opportunity is a key factor found to have a positive impact on entrepreneurship (Rwigema & Venter, 2004). Seeing and actin on an opportunity is a unique entrepreneurial behavior that allows an entrepreneur to identify and exploit potential business opportunities (Kochandai, 2012). Innovation as part of behavioral competencies is also important to venture success. Evidence suggests that successful entrepreneurs are more innovative (Gurol & Atsan, 2006). Innovation is a behavior that seeks to introduce change in an organization (Kochandai, 2012). To achieve success an entrepreneur must be ready to innovate.

On attitudinal competencies, self-confidence, tolerance for ambiguity and self-esteem are considered essential resources and skill to the success of an enterprise (Ahamed, 2007). It is also argued that, conditions in the market are never certain and to succeed, an entrepreneur must adapt their businesses to these uncertainties if they are to survive and succeed (Andries & Debackere, 2007). On the other hand, successful entrepreneurs must exhibit high degree of tolerance o ambiguity (Gurol & Atsan, 2006). They also must develop confidence and respect for self (Kochandai, 2012). Though, entrepreneurial competencies are considered important, the nature of its relationship with enterprise success is not clear. Furthermore, literature on entrepreneurial competencies is in its early stages (Brinckmann, 2008) and studies done specifically on women are limited (Cartel et al., 2006).

Song Ng & Hung Kee, (2012) investigate the effect of entrepreneurial competencies on enterprise success. They found that success of Small enterprises depends on the competencies of the entrepreneur who holds a critical position the business. This indicates that an understanding of competencies and especially women entrepreneurial competencies that drive enterprise success is important.

Ahmad et al., (2010) evaluate the effect of entrepreneurial competencies and the moderating influence of business environment on enterprise success among the Malyasian Small and Medium Enterprises. The finding indicated that entrepreneurial competencies was a strong predictor of success among Small and Medium enterprises in Malaysia The study used a questionnaires to collect data from a sample of 212 Malaysian SME owner-founders. Structural Equation Model (SEM) was used to test the study hypothesis. Standardized regression was used to assess the effect of one variable on another. To test for the moderating effects of the perceived business environment, a multiple-group analysis within AMOS 5 was utilized (Ahmad et al., 2010). The major limitation was the use of self-report study which is assumed to introduce biasness.

Sanchez (2012) researched on the effects of entrepreneurial competencies in small firms in Spain. Building on a causal models using data of entrepreneurship, Sanchez constructed a model that was not only meant to study the influence of entrepreneurial competencies on firm's success but also to describe the direct and indirect influence of competitive environment and organizational capabilities on the relationship between entrepreneurial

competencies and enterprise success. Data was collected using a questionnaire from a sample of 700 respondents of which 460 responded. The questionnaire consisted of 53 items using a 7 point likert scale. Structural equation model was used to test the study hypothesis while the parameters of goodness of fit used were RMSEA, NFI, CFI and Chi Square. The results of the study demonstrated that entrepreneurial competencies did affect success of Firms. However, the study setting is different in terms of geographical location to the current study. Furthermore, the study focused on large firms while the current study looks at women entrepreneurs.

In an empirical study to examine the influence of entrepreneurial competencies on firm success of tea manufacturing in Sri Lanka revealed that competencies were significantly correlated with business growth (Crook et al., 2011). However, the study was done in the manufacturing sector which is different from the retail and wholesale sector covered under this study.

Radzi, Nor, & Ali (2012), analyzed the impact of internal factors on Small Enterprise success in Malaysia. Results of the study indicated that entrepreneurial competency were related to enterprise success. It also revealed that entrepreneurial competence had a positive and significant effect on enterprise success. The study design was cross-sectional and as such used a questionnaire to collect data from a sample of 198 respondents. Partial least Square method was used to analyze the data. The study also utilized RBV theory to determine the antecedents of enterprise success. However, the study was limited by its focus on small businesses in Malaysia which limited its generalizability of the findings to other sectors.

Nassif et.al, (2012) carried out an in-depth exploratory study with seven female entrepreneurs in Brazil with an aim of analyzing the entrepreneurial competencies that characterized women. The results of the study revealed that female entrepreneurs cognitive and affective competencies as important to female entrepreneurship. However, the study was qualitative in nature and mostly used in-depth interviews to collect information meaning that the sample size was limited and generalization could not have been possible; while the current study was quantitative with a large size and an intention to generalize to the whole population.

In another self-report study on the relationship between entrepreneurial competencies and enterprise success within SMEs in Belgium, Portugal, Slovenia, Poland and Spain, Laguna, Wiechelea, & Talik, (2012) found that managerial competencies were predictor of success. The study used a sample of 264 respondents. Descriptive statistics was used to analyze data whereby hierarchical multiple regression analysis was employed. Sobel test was performed on the regression analysis results to test whether specific competencies mediated general competencies and SMEs success. The findings of the study supported the mediating role of specific competencies on general competencies and SMEs success. However, the study setting is different from the current study. The study also focused on one mediating variable whereas the current study uses two mediating variables. The study sample from each country is also small to warrant generalization. Another limitation is based on the use of self-report study which are inherently biased since they rely on voluntary participation of the respondents which can introduce bias to the study findings.

Mitchelmore and Rowley (2013), studied entrepreneurial competencies of women entrepreneurs in England. A questionnaire was used to collect data, convenience sampling techniques was applied. Data was analyzed quantitatively and the finding indicated that women entrepreneurs in England valued entrepreneurial competencies (Mitchelmore and Rowley, 2013). These empirical study identified five clusters of competencies important to women entrepreneurs' success. The finding were relevant, however, knowledge produced is assumed to be too abstract and general for direct application to specific situations, contexts and individuals.

Mohammad, Ibrahim and Shah (2017), investigated the effect of entrepreneurial competencies on firm performance of businesses owned by women entrepreneur in Nigeria and found that entrepreneurial competencies had a significant effect on the business performance. The study used a sample of 200 women entrepreneurs' selected using simple random sampling. Data was collected using a questionnaire and analyzed using Smart PLS. the study recommended that future research be conducted to ensure a more understanding of competencies of women entrepreneurs and its interactions with other factors to improve enterprise success.

In an examination of the relationship between managerial competencies of owner/ managers and the success of emerging internet firms in South Africa, Rambe & Makhalemele (2015) found that managerial competencies were critical to improved success of small internet businesses. However, the study adopted a theoretical stance to increase the understanding of the phenomenon under investigation.

Al Mamun (2016) examined the influence of entrepreneurial competencies, education and total amount of credit received on success of micro-enterprises owned by women in Malaysia and found out that entrepreneurial competencies had a positive and significant effect on micro enterprise Success. The study used a cross-sectional design and collected quantitative data through structured interview. The sample size was 407 women entrepreneurs. The study used SEM and path analysis in data analysis.



The success of a business enterprise, its competitiveness, and success is related to entrepreneurial competencies (Colombo & Grilli, 2005). Although entrepreneur's psychological, behavioral, demographic characteristics, managerial and technical skills have been found to be most important determinants of success or failure of small and medium sized enterprises (Rasmussen, Mosey & Wright., 2011), evidence suggests that mentoring intervention could be pivotal to enterprise success (Wikholm et. al., 2005).

Small business owners and individual women entrepreneurs should have diverse skills across a range of competency domains (Sadler-Smith et al., 2003). Brush & Eldeman, (2002) emphasized the importance of competencies in facilitating handling of enterprise activities. Arguably, developing the right mix of competencies that suits the demands of the entrepreneurs' job directly enhance the effectiveness of the entrepreneur. However, it is not clear whether this can also enhance the success of the of women entrepreneur.

Entrepreneurs must equip themselves with appropriate competencies to enhance their possibility of succeeding in business endeavors (Ahmed, Halim & Zaind, 2010). This means that the success or failure of any entrepreneurial ventures is influenced by skills and competencies that the entrepreneur possesses. Successful entrepreneurs have been found to have three most important personal entrepreneurial competencies, namely, proactive, achievement, motivation syndrome; and commitment (McClelland, 1987).

Other personal competencies found to affect success of an entrepreneur include quality and efficiency; calculated risk taking; goal setting; information seeking; systematic planning and monitoring; persuasion and networking; independence and self-confident (Mugion, 2013). Research shows that, most of the business failures are due to lack of SME owner-managers' incompetence, inadequacy and inexperience in managing their business and taking quick remedial action in crisis situations (Griffin, 2012; Ropega, 2011).

Irene (2016) investigated the link between enterprise success and entrepreneurial competencies of female owned SMEs in South Africa. Her aim was to develop a model of gender and culture specific competencies for incorporation into intervention programmes for entrepreneurial development. The study used a mixed method approach and findings indicated that entrepreneurial competencies were vital to entrepreneurial success of female business operators. She further highlighted that certain factors could have been influential to enterprise success and do affect the relationship between entrepreneurial competencies and enterprise success, yet they were not the focus of her study. Hence future studies could focus on those factors such as mentoring and enterpriser profile. She further recommended studies on entrepreneurial competencies and success of women entrepreneurs should be the key focus of future research.

A later study by Schneider (2017), entrepreneurial competencies were found to be critical for entrepreneurial success. The study was conducted in Germany and Ireland. The sample consisted of 306 women entrepreneurs of Micro and Small Enterprises (200 women entrepreneurs from Germany and 106 women entrepreneurs from Ireland). Questionnaires used to collect data while convenience sampling technique was used to elicit a sufficient level of response. The data analysis followed a two-step procedure: assessing measurement models using exploratory factor analysis (EFA; Geomin-Rotation), followed by assessing path relationships using structural equation modeling (SEM; MPLUS-Software).

Since the competencies of the entrepreneurs reflects quality of action taken by them that would enhance their effectiveness in managing their enterprises, it is strongly predicted that entrepreneurial competencies have direct effect on enterprise success among women owned micro enterprises.

## **METHODOLOGY**

The study adopted an explanatory survey research design which was cross-sectional in nature. The target population was 3495 women entrepreneurs in selected towns in Bungoma County. The sample size was 358 respondents. Proportionate and simple random sampling technique was employed. The researcher collected primary data using a self-administered questionnaire. Out of 358 sampled respondents, 296 questionnaires were returned completed satisfactory. This gave 82.7% successful return rate. Data analysis was based on multivariate analysis specifically Structural Equation Modelling (SEM) with AMOS ver 21. The researcher used principle component analysis with Verimax rotation to identify factors with higher loading that were used for further analysis. Kaiser-Meyer-Olkin (KMO) measure of sampling of adequacy adequacy and Bartlett's test of sphericity, were employed to test the strength of inter-correlation among measurement items ((Hair, Black & Babin, 2010) and the overall significance of the correlation matrix. Tabachnick and Fidell (2014) point out that data is factorable when the Bartlett's test of sphericity is significant ( $p < .05$ ).

## **RESULTS**

### **Reliability statistics for entrepreneurial Competencies and Enterprise success**

The overall Cronbach's alpha coefficient for items measuring entrepreneurial competencies was 0.913. Managerial competencies had an alpha level of 0.866, Behaviourial competencies 0.897, while attitudinal

competencies had an alpha of 0.889. The items measuring enterprise success had an alpha of 0.740. The results indicated that all the constructs had acceptable levels above 0.7 threshold (Hair *et al.*, 2010). Based on the coefficient values, the items tested were deemed reliable for this study.

#### Factor analysis

Results in Table 1 show that factor loadings for the extracted factors were above 0.50 meaning that unidimensionality and construct validity were satisfied. Furthermore, Costello and Osborne (2005) suggested that loadings of 0.50 is enough to be considered strong. It was further observed that the statements that loaded highly on factor one, two and three were inclined towards entrepreneurial competencies namely attitudinal, behavioral and managerial competencies while those that loaded on factor four were measuring enterprise success.

The extracted factors explained 73.1% variance. The final eigenvalues showed that the first factor accounted for 36.7% of variability in all variables, the second factor accounted for 14% of the variance, the third factor accounted for 12.2%, of the variance while the fourth factor contributed to 10.2% of the variance. The results further indicate that Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.868 above the threshold of 0.6 (Tabachnick & Fidell, 2013) and Bartlett's Test of Sphericity which tests the overall significance of correlation within the correlation matrix was significant ( $\chi^2$  (296) = 2680.652,  $P < .05$ ). This indicated that the set of data was appropriate for factor analysis.

**Table 1 Exploratory Factor Analysis**

	1	2	3	4
I always try to make friends with people who may be useful in my business.878 (A7)				
I think and act in the best interest of my customers with a mindset of.849 improving service delivery (A6)				
I always want my business to be the best of its kind (A4)	.828			
I feel confident that I will succeed in my business (A3)	.806			
I feel proud when I look at the results I have achieved in my business (A1)	.694			
I like working in my business that I get so involved to an extent that I forget other things (B5)		.872		
I willingly consider new ideas, procedures or processes to address a business situation (B6)		.842		
I always seek new way to improve my business performance (B7)		.831		
I keep on trying to make sure I achieve my business goals (B1)		.823		
I seek advice from others who know a lot about business activities (MC2)			.868	
I Plan and prioritize business operations (MC3)			.821	
I quickly make decisions in ambiguous business situations (MC1)			.802	
I express business ideas in a clear manner for customers to understand (MC4)			.776	
Profitability (F2)				.847
Growth in market share (F1)				.824
Sales turnover (F3)				.803
Total Eigen value	5.864	2.236	1.948	1.644
% of variance	36.651	13.977	12.173	10.272
Cumulative variance	36.628	50.628	62.801	73.073
KMO measure of sampling adequacy	.868			
Bartlett's Test of Sphericity Approx. Chi-Square	2680.65			
Df	2			
Sig.	.000			

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Source: Research Data, (2018)

Results of the Anti-image correlation matrix presented in Table 2 ranged between 0.714 and 0.933. The values were above 0.5, supporting the inclusion of each item in the factor analysis (Tabachnick & Fidell, 2013).

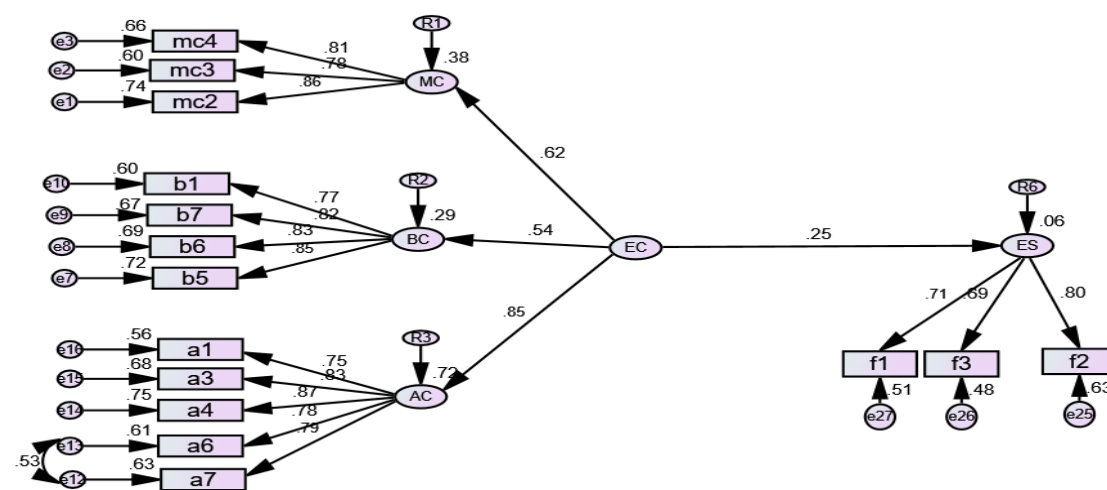
**Table 2 Anti-Image Correlation Matrix**

	MC2	MC3	MC4	MC1	B5	B6	B7	B1	A7	A6	A4	A3	A1	F2	F3	F1
MC2	.842a															
MC3	-0.326	.881a														
MC4	-0.372	-0.215	.889a													
MC1	-0.384	-0.189	-0.066	.878a												
B5	0.015	-0.037	-0.067	0.054	.863a											
B6	-0.063	0.146	-0.003	0.034	-0.384	.874a										
B7	0.008	-0.006	0.038	-0.065	-0.245	-0.299	.887a									
B1	-0.019	-0.065	-0.005	-0.007	-0.306	-0.151	-0.271	.897a								
A7	-0.011	-0.003	0.138	-0.013	0.047	-0.024	-0.026	-0.031	.847a							
A6	-0.026	0.012	-0.141	0.015	-0.04	-0.002	-0.022	0.077	-0.617	.858a						
A4	0.003	-0.063	-0.161	0.11	0.05	0.017	-0.112	-0.01	-0.212	-0.164	.913a					
A3	0.102	-0.107	0.057	-0.128	-0.018	-0.084	0.13	-0.063	-0.116	-0.067	-0.363	.880a				
A1	-0.092	0.082	-0.07	-0.058	-0.029	-0.061	-0.103	0.043	-0.104	-0.025	-0.094	-0.332	.933a			
F2	0.043	-0.066	-0.021	-0.03	-0.017	-0.009	-0.039	0.055	-0.008	0.055	-0.04	0.006	-0.005	.714a		
F3	-0.002	-0.087	-0.009	0.005	0.03	-0.035	0.029	-0.042	-0.005	-0.053	0.007	0.119	-0.063	-0.364	.761a	
F1	-0.056	0.078	0.002	0.019	0.01	-0.04	0.051	-0.038	-0.01	-0.008	0.006	-0.101	0.073	-0.41	-0.261	.725a

Source: Research Data, (2018)

### Effect of Entrepreneurial Competence on success

The researcher tested the effect of entrepreneurial competence on enterprise success among women entrepreneurs using structural equation modelling with Amos ver.21. Results obtained indicated that entrepreneurial competence had a positive and significant effect on the success of women entrepreneurs ( $\beta=0.250$ ,  $t=3.031$ ,  $p<0.05$ ). The beta coefficient meant that an increase in one standard deviation of entrepreneurial competence leads to an increase in one standard deviation of success. On the other hand the  $R^2$  of 0.06 indicated that 6% of variation in success was accounted for by entrepreneurial competence while the remaining 94% of the variation was accounted for by other factors not in the model as shown in Figure 1



**Figure 1. Entrepreneurial competence and enterprise success**

Source: Research Data, (2018)

Further results from the model indicated that the normed chi-square was statistically significant ( $\chi^2 / df = 1.190$ ;  $p=0.112$ ). Other fit indices NFI=0.960; CFI= 0.993 and TLI=0.992 where within the acceptable threshold of 0.9 and above (Hair et al., 2010). The RMSEA Parsimony adjusted measure was 0.025 and thus below 0.05 and thus within the acceptable levels. The results indicate that the fit indices are satisfactory.

### Hypothesis Testing

To test the hypothesized relationship of the proposed study model, structural equation modeling (SEM) techniques was used. Path analysis was used to check the relationship between behavioral competence and enterprise success. Results of the proposed model provided satisfactory fit indices. Statistics, of particular interest in the analysis were the path significance indicated by the standardized regression estimate ( $\beta$  values), which assesses the effect of one variable on another; the significance level ( $p < .05$ ) and  $R^2$ . Maximum likelihood estimates were used to test the hypothesis using regression weights of the Amos output. From the results the p-value showed that the hypothesized model was significant. The study hypothesized that high levels of behavioral competence will positively and significantly have an influence on enterprise success of women entrepreneurs in Bungoma County.

### **H<sub>1</sub>: Entrepreneurial competence has a significant effect on the success of women entrepreneur in Bungoma County, Kenya.**

The study found that entrepreneurial competence had a positive and statistically significant effect on the success of women entrepreneurs ( $\beta = 0.250$ ,  $t$ -value (CR) = 3.031,  $p < 0.05$ ). The results indicated that, for a one-unit increase in entrepreneurial competence, success is predicted to increase by 3.031. From these results, the alternative hypothesis that entrepreneurial competence has a significant effect on the success of women entrepreneurs was accepted while the null was rejected. The study thus affirms that behavioral competence are somehow important to enterprise success. It is therefore necessary for women entrepreneurs to embrace and pay more attention to entrepreneurial competencies and undertake business activities with an aim of enhancing the success of their enterprises.

### DISCUSSION AND FINDINGS

The study found that there is a positive and significant relationship between entrepreneurial competencies and success of women entrepreneurs in Bungoma County, Kenya. The results are consistent with previous literature where entrepreneurial competencies was proven to have a significant effect on enterprises success (Al Mamun, 2016; Mohamad & Sidek, 2013; Mohammad et al., 2017; Sanchez 2012; Mwaniki, 2017)). Additionally, Schneider, (2017) and Michelmores, Rowley & Shiu, (2013) pointed that entrepreneurial competencies are among the critical factors that lead to enterprise success. Also, Managerial competencies, attitudinal and behavioral competence are predictors of success (Wiechelea, & Talik, 2012; Ahamed, 2007). Namusonge (2014) also affirmed that entrepreneurial competencies enable owner/managers to successfully attain their enterprise goals including achieving success. The findings of this study further indicate that entrepreneurial competencies among women entrepreneurs had a direct and significant effect on enterprise success. This relationship is supported by the RBV theory where entrepreneurial competencies have been identified as valuable, intangible and unique resources that contribute to enterprise success (Tehseen & Ramayah, 2015). Entrepreneurial competencies are a source of a range of behaviors that enhance business success. Thus, the possession of the right mix of entrepreneurial competencies can aid in producing more beneficial business outcomes including enterprise success. This explains why entrepreneurial competencies have an effect on enterprise success. The researcher is therefore of the view that entrepreneurial competencies do enhance success in addition to helping women entrepreneurs achieve desired enterprise success.

### CONCLUSION

The objective of the study was to analyse the effect of entrepreneurial competence on the success of women entrepreneurs in Bungoma County, Kenya. In support of the expectations of the study, findings indicate that entrepreneurial competence had a significant effect on the success of women entrepreneurs. The study hypothesis suggested that there entrepreneurial competence had a significant effect on success of women entrepreneurs. The results of the analysis found that entrepreneurial competence had a significant effect on success of women entrepreneurs in Bungoma, Kenya

Based on the above results, it can be inferred that the findings validate the conceptualized framework and shed light that entrepreneurial competence have positive and significant effect on success of women entrepreneurs. However, as indicated by other empirical studies, entrepreneurial competence alone are not a guarantee to the success of women entrepreneurs and there is need to focus on other resources that could influence success since resources are heterogeneous and each type of a resource plays a critical role in influencing success. Women entrepreneurs are therefore encouraged to pay attention to the various resources to enhance their enterprise success.

### CONTRIBUTION OF THE STUDY

The study advances theoretical argument for the use of RBV theory in entrepreneurship research and in predicting and understanding the contribution of a resource namely entrepreneurial competence to the success of women entrepreneurs in Bungoma, Kenya. The study offers new insights to women entrepreneurs by reinforcing the need to not only act entrepreneurially but to also see the benefit of focusing on entrepreneurial competencies with an aim of enhancing their enterprise success. It also contributes to existing body of knowledge on entrepreneurial competencies and success by developing an empirical model depicting the relationship between

entrepreneurial competence and enterprise success thus providing useful framework to be employed in future entrepreneurship research. At policy level, the study provides valuable information to policy makers and those who formulate and deliver entrepreneurial programs aimed at increasing enterprise success among women entrepreneurs to come up with better policies and capacity building programs geared towards enhancing success of women entrepreneurs and entrepreneurs in general.

### RECOMMENDATIONS FOR FUTURE RESEARCH

This study looked at the influence of behavioral competencies on success of women entrepreneurs in Bungoma County, Kenya. The researcher recommends replication of this study in other sectors/ industries as well in other regions in Kenya and Eastern Africa region to demonstrate the universality and significance of competencies and enterprise success in general, and to test the conceptual of the current study.

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